ISSN (Print): 2788-8320 ISSN (Online): 2788-8339

JOURNAL OF SOCIAL RESEARCH DEVELOPMENT
www.jsrd.org.pk editor@jsd.org.pk

IMPACT OF STRATEGIC FLEXIBILITY ON CRISIS MANAGEMENT: EXAMINING THE MEDIATING ROLE OF COGNITIVE ABILITY

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KEYWORDS

Strategic Flexibility, Resources, Coordination, Crisis Management and Cognitive Ability

ABSTRACT

This study explored impact of Strategic flexibility on crisis management and also examined the mediating role of cognitive ability of decision makers in telecommunication sector of Amman, Jordan. This study was quantitative & cross-sectional by using the deductive approach and positivist philosophy. Primary data acquired through instrument based on close-ended questions. There were five relevant range of choices for agreement and disagreement. Data acquired by simple random sampling that is component of probability sampling from the target population. A total of 352 Managers and Assistant Managers were identified as the sample size out of 3500 total population at margin of error 5% and confidence level 95%. (Krejcie & Morgan, 1970). Data analyzed and interpreted by SPSS and PLS-SEM. Descriptive analysis performed by SPSS and model measurement and verification performed by PLS-SEM. There were 5-objectives that were accomplished by developing & testing 5-hypotheses. All direct relationships tested positive and significant amid independent & dependent variables. The study approved mediating role between CA, SF and CM.

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DOI: https://doi.org/10.53664/JSRD/04-02-2023-23-499-507

INTRODUCTION

Strategic flexibility plays vital role in managing day to day affairs of organization (Tunio, Mahesar, Hakro, 2021). It is ability to respond environmental changes with view to bring innovation, improve performance and eventually develop competitive advantage in the dynamic business environment (Hakro, Jhatial & Chandio, 2022). Since, strategic flexibility (SF) has many dimensions out of which two most important dimensions are taken into consideration likewise the resources and coordination. Resources include tangible and intangible assets that are possessed by organization (Dibrell, Craig

& Neubaum, 2014). Strategic flexibility refers to organization's ability to adapt, adjust, and respond effectively to changing circumstances and unforeseen events (Bokhari, Zakarias & Muhammad, 2022). Crisis management, on other hand, involves handling and mitigating the impact of crises or emergencies on an organization's operations, reputation, and stakeholders (Alhajahjeh & Alkshali, 2023). In this linking, the decision makers are easily identified as good or bad in the crisis period wherein it helps in managing the resources that are matched with the opportunities and threats in business environment.

Coordination keeps balance in all sorts of actions and decisions that are made by the organization. SF assists organization in accomplishing short term goals and long-term goals (Lockwood, 2005). It is considered to be powerful weapon that makes the organization succeed even in the worst state of crisis encountered at country level (Glaesser, 2006). This study keeps high significance particularly in context of telecommunication sector of Amman, Jordan. However, it also reveals the impact of SF on Crisis Management (CM) which is of paramount importance in current research context. Since, this study also explores relationship between SF and Cognitive Ability (CA) in telecommunication sector of Amman, Jordan. There is limited research embarked on theme of SF and CM. Thus, there is no evidence found in telecommunication sector of Amman, Jordan, that can witness relationship between SF, CM and CA. Hence, this theme is considered to be new in organizational context. Thus, there is need to embark research on this newly discovered area particularly in telecommunication sector of Amman, Jordan.

When considering the mediating role of cognitive ability, it implies that cognitive ability acts as an intermediate factor that helps translate the effects of strategic flexibility into the crisis management outcomes. In other words, the relationship between strategic flexibility as well as crisis management effectiveness may be influenced by cognitive abilities of the individuals involved in the decision-making process. Keeping in view of the research gap, this study is novel in organizational context of telecommunication sector of Amman, Jordan. It intends to explore impact of SF on CM and so also on CA of decision makers. Yet, this study tests mediating role between CA, SF and CM. Findings of this study can assist other sectors in variety of ways, mainly, in improving performance and keeping competitive advantage even being in the state of Crisis. The entire study is based upon one aim and multiple objectives. However, the aim of study is to explore impact of SF on CM and CA of decision makers in telecommunication sector of Amman, Jordan. This aim is broken down into five objectives which are given as follows.

1. To explore impact of Resources on Crisis Management.
2. To explore the impact of Resources on Cognitive Ability.
3. To explore impact of Coordination upon Crisis Management.
4. To explore the impact of Coordination upon Cognitive Ability.
5. To explore the impact of Cognitive Ability on Strategic Flexibility & Crisis Management.

LITERATURE REVIEW

Crisis Management

The crisis management is the comprehensive process of identifying, assessing, and responding at the state of crisis to mitigate the impact upon organization. It involves strategic actions and decisions to

effectively handle and reduce negative effects (Wang, 2009; Alhajahjeh & Alkshali, 2023). CM emphasizes the importance of learning in crisis situation and it also assist decision makers to find out best possible solutions that can assist organization to stay competitive and productive even being in the state of crisis (Coombs, 2010). The crisis management is the process of effectively handling and mitigating impact of crises or emergencies on an organization, its stakeholders, and its reputation. CM includes a variety of tasks such as; prevention, preparedness, response and review. These tasks are particularly designed to address the crisis situation with a better way (Lockwood, 2005). Crisis management involves series of coordinated actions and strategies aimed at minimizing the negative consequences of the crisis and facilitating a prompt and successful recovery. In this regard, CM is considered as the comprehensive framework that includes strategies, processes and measures for effective planning and implementation that assist the organization to emerge in the crisis situation (Glaesser, 2006).

Cognitive Ability

CA of decision makers put them in extreme trials particularly in crisis situation (Robbins, 2003). If they do well for the organization, they shine, otherwise, they are held accountable for the failure of the organization (Bokhari, Zakarias & Muhammad, 2022). The decision makers keep utmost care while making decisions (Beraha, Bingol, Ozkan & Szczygiel, 2018). The cognitive ability refers to the mental capacity and capabilities involved in various aspects of human thinking, reasoning, problem-solving, learning, and decision-making. Cognitive ability compels decision makers to analyses the situation correctly and find out the remedy that can augment organizational image and provide it a competitive advantage (Robbins, 2003). It includes a wide range of cognitive processes that allow individuals to perceive, process, and understand information from the environment and apply that knowledge to diverse situations. Theses abilities are vital in determining the various outcomes that are related with strategic goals. Decision makers are easily identified as good/bad in crisis period. Decisions speak which boost organizational image and which destroy organization at all (Irtaimeh, Al-Mannai & Hakro, 2023).

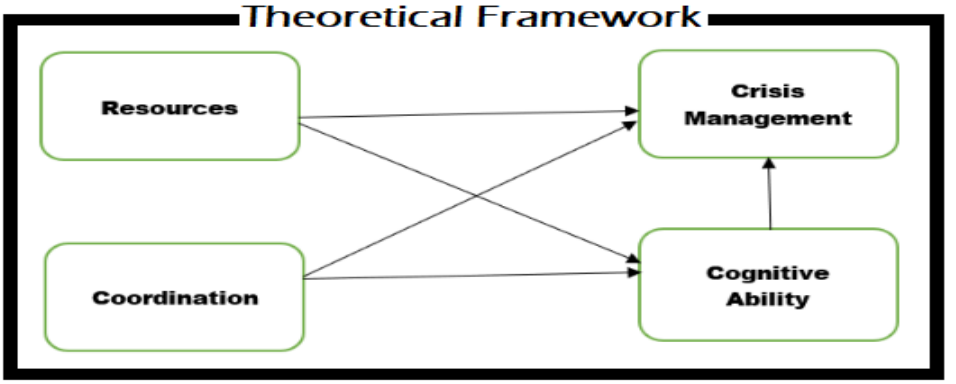
Strategic Flexibility

Strategic flexibility is a concept in strategic management that refers to an organization's ability to adapt, change, and adjust its strategies and operations in response to changing circumstances and unpredictable events (Simón, Revilla & Martín, 2018). It involves maintaining a dynamic and agile approach that allows the organization to capitalize on the opportunities and respond effectively to challenges and threats in its external environment (Chen, Zhai, Zhu, Luo, Zhang & Zhang, 2021). Strategic flexibility is particularly relevant in dynamic and turbulent settings, where traditional, rigid approaches to strategic planning may be insufficient to address rapidly changing conditions. By embracing strategic flexibility, organizations can position themselves to seize emerging chances, mitigate risks, and sustain long-term success (Han & Zhang, 2021). Thus, implementing strategic flexibility requires a forward-thinking mindset, willingness to challenge the established practices, and ability to align diverse stakeholders towards a common vision (Weihong, Yongjian & Hailin, 2013). It involves making organizational culture that fosters adaptability, inspires experimentation, and rewards innovative thinking.

Conceptual Model

Conceptual model is concrete and comprehensive picture of entire study. It portrays independent variables and dependent variables. Thus, it also displays direct relationships and specific indirect relationships between independent variable and dependent variable. The variables are connected with arrows. The following conceptual model depicts four direct relationships between independent variables and dependent variables and one showing specific indirect relationship or mediating role amid CA, SF and CM.

Figure 1 Theoretical Framework



Hypotheses were developed to explore the impact between independent variable and dependent variable. There were five objectives which were accomplished through following five hypotheses. Each hypothesis revealed the relationship between variables in order to examine the hypothesized relationships among variables.

H1: Resources are positively related to Crisis Management.
H2: Resources are positively related with Cognitive Ability.
H3: Coordination is positively related with Crisis Management.
H4: Coordination is positively related with the Cognitive Ability.
H5: Cognitive Ability is positively related to SF and Crisis Management.

RESEARCH METHODOLOGY

RM is the systematic way of defining overall research (Zainuddin, 2012). It explains research theme, nature, approach, philosophy, data and means of data collection, sampling, population & sample size, data analysis and interpretation tools and techniques. This study was quantitative and cross-sectional by using the deductive approach and positivist philosophy. The primary data acquired through the instrument based on close-ended questions. There were five relevant range of choices for agreement and disagreement. Data acquired by simple random sampling which is a component of probability sampling from the target population. Therefore, total of 352 Managers and Assistant Managers were identified as the sample size out of 3500 total population at the margin of error 5% and confidence level 95%. (Krejcie & Morgan, 1970). Data analyzed and interpreted by SPSS and PLS-SEM. Descriptive analysis performed by SPSS & model measurement & verification performed by PLS-SEM.

Table 1 Cronbach's Alpha (CBA)

Variable(s)	Cronbach's Alpha (CBA)
Resources	0.833
Coordination	0.878
SF	0.874
CM	0.802
CA	0.863

Above table described Cronbach's Alpha of all variables individually. Cronbach's Alpha indicates internal consistency of items measuring a given variable. In this connection, according to literature review, Cronbach's Alpha should be equal or greater than 0.70, that is considered to be threshold value and it must be attained by each variable before applying for further analysis towards results (Hair et al., 2010).

Table 2 Demographic Characteristics of Representative Sample

Characteristic	Category	Frequency	Percentage
Gender	Male	201	57.1
	Female	151	42.9
Age group	Less than 20 years	7	2
	20-30 years	176	50
	31-40 years	77	21.9
	41-50 years	55	15.6
	51-60 years	37	10.5
Education	High School or Below	13	3.7
	Diploma	35	9.9
	Bachelor	215	61.1
	Master or PhD	89	25.3
Position	Director	122	34.7
	Supervisor	117	33.2
	Head of Department	67	19
	Manager	46	13.1
Experience	1-5 years	144	40.9
	6-10 years	95	27
	11-15 years	66	18.8
	15 years and above	47	13.3

Above table described demographic characteristics of representative sample. Gender distribution revealed that males accounted for 57.1% of respondents, while females accounted for 42.9%. In terms of age, the largest group was between 20 and 30 years old, representing 50% of the sample. Regarding education level, the majority of respondents held a bachelor's degree (61.1%), followed by those with master's or PhD (25.3%). In terms of positions, directors constituted the largest group (34.7%), followed by supervisors (33.2%). The experience levels varied among respondents, with approximately 40.9% having 1 to 5 years of experience and 27% having 6 to 10 years' experience. These demographic insights provide valuable information about characteristics and backgrounds of the individuals.

Table 3 Factor Analysis

Variable(s)	Resources	Coordination	CM	CA
Resources-1	0.913			
Resources-2	0.854			
Resources-3	0.829			
Coordination-1		0.893		
Coordination-2		0.908		
Coordination-3		0.887		
CM-1			0.845	
CM-2			0.881	
CM-3			0.890	
CM-4			0.765	
CA-1				0.880
CA-2				0.921
CA-3				0.857

Above table described factor analysis. All items were loaded in relevant variables with requisite threshold value i-e, 0.70 (Hair et al., 2010). This is the base value at which items are considered for further analysis that may help in reaching the desired conclusion and making the required decision. However, if any item does not achieve the threshold limit, it is considered to be removed from the further analysis. Thus, the factor analysis were performed by PLS-SEM and it is also known as item variable correlation.

Table 4 Construct Reliability & Validity with R-Square

Variable(s)	Cronbach's Alpha (CBA)	Composite Reliability (CR)	Average Variance Extracted (AVE)	R square
Resources	0.833	0.841	0.751	0.000
Coordination	0.878	0.879	0.803	0.000
CM	0.867	0.878	0.717	0.704
CA	0.863	0.872	0.786	0.481

Above table described construct reliability and validity with R-square. Literature suggested that Cronbach's Alpha and composite reliability should be equal or above than 0.70, which is therefore considered to be the threshold value for accepting item or variable as a whole in the analysis on the particular issues (Nunnally & Bernstein, 1994). However, AVE is considered to be valid for further analysis at 0.50 and above (Fornell & Larcker, 1981). In this connection, since, R-square described the change which is caused by independent variable in the dependent variable (Hair et al., 2010) to take decisions.

Table 5 Discriminant Validity

Variable(s)	Resources	Coordination	CM	CA
Resources	0.866			
Coordination	0.000	0.896		
CM	0.000	0.765	0.847	
CA	0.000	0.639	0.724	0.886

Above table described discriminant validity, that showed each variable attained highest value on its own rather than any other variable. This meant that all variables were correctly operationalized and distinct from each other (Fornell & Larcker, 1981).

Table 6 Path Coefficients

Path coefficient(s)	P-Value	Standard Error (SE)	T-Statistics
Resources=>CM	0.002	0.054	3.899
Resources=>CA	0.004	0.056	5.965
Coordination=>CM	0.000	0.065	6.798
Coordination=>CA	0.002	0.057	7.824

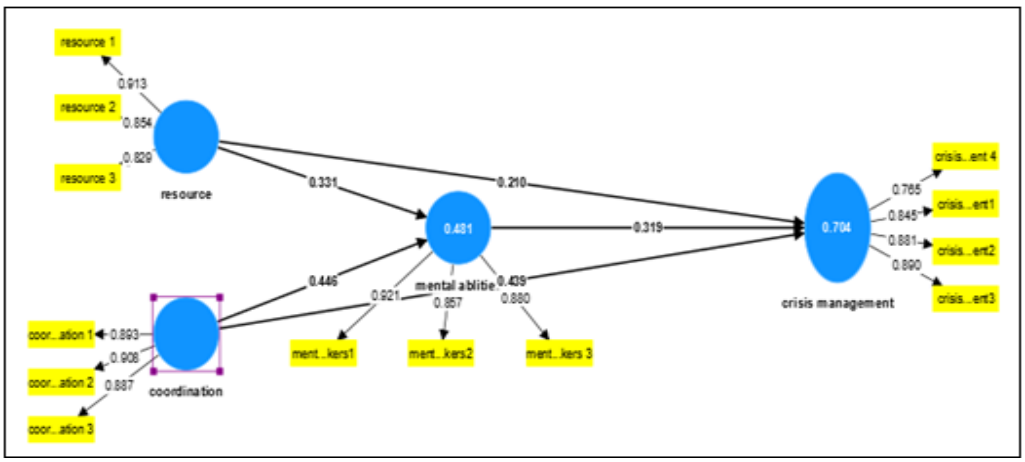
Above table described path coefficients. All path coefficients tested positive and significant on the account of attaining the threshold value of T-Statistics, which is 1.96 at which relationship between two path coefficients tested positive. If any path coefficient measured below than the threshold value, considered negative and insignificant. Thus, all direct relationships approved based on P-Value, SE and T-Statistics.

Table 7 Specific Indirect Effects (SIE)

Specific Indirect Effects	P-Value	Standard Error (SE)	T-Statistics
CA=>SF=>CM	0.004	0.040	5.541

The above table described specific indirect effects between CA, SF and CM, which also approved mediating role between CA, SF and CM based on T-Statistics, SE and P-Value. As witnessed from the analysis.

Figure 2 Graphical Image of Structural Model



CONCLUSIONS

There were three variables, one aim and five objectives which were accomplished by developing and testing five hypotheses. The four hypotheses developed to test the direct relationships between independent variable & dependent variables. All direct relationships tested positive & significant. However, one hypothesis developed to test mediating role between CA, SF and CM. Hence, study

also approved mediating role between CA, SF and CM. SF was broken down into two dimensions i~e, Resources and Coordination. Resources tested positive and significant with CM and CA. Still, other dimension of SF was Coordination which was also tested positive and significant with CM and CA. Finally, study approved all relationships that assisted in accomplishing aim and objectives of the study. The findings suggest that individuals with higher cognitive abilities are better equipped to handle complexities and challenges posed by crises. They can make more informed and rational decisions, identify innovative solutions, as well as effectively communicate with stakeholders. Their enhanced problem~solving and risk assessment skills enable them to navigate through crises with agility and resilience.

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